

**MINUTES OF THE  
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 State Capitol Building

January 29, 2015

**Members Present:** Sen. Howard A. Stephenson, Senate Co-Chair  
Rep. Steve Eliason, House Co-Chair  
Rep. Michael S. Kennedy, House Vice Chair  
Sen. Lyle W. Hillyard  
Sen. Jani Iwamoto  
Sen. Aaron Osmond  
Sen. Daniel W. Thatcher  
Sen. Stephen H. Urquhart  
Rep. Joel K. Briscoe  
Rep. LaVar Christensen  
Rep. Bruce Cutler  
Rep. Rebecca P. Edwards  
Rep. Justin L. Fawson  
Rep. Bradley G. Last  
Rep. David E. Lifferth  
Rep. Marie H. Poulson  
Rep. Kraig Powell  
Rep. Norm Thurston

**Members Absent:** Sen. J. Stuart Adams  
Rep. Francis D. Gibson

**Staff Present:** Mr. Ben Leishman, Fiscal Analyst  
Ms. Angela Oh, Senior Statistician  
Ms. Brooke Parrish, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Call to Order**

Co-Chair Stephenson called the meeting to order at 8:30 a.m.

**2. Follow-up Items from January 27, 2015 Meeting**

Mr. Ben Leishman, Fiscal Analyst, referred members to “[Public Education Property Tax Comparisons](#).”

**3. Budget Review: Minimum School Program—Basic School Program**

Mr. Leishman referred members to [State Board of Education – Minimum School Program](#) (line 74). Mr. Leishman explained that the 2% recommended budget cut can be achieved by either lowering the Weighted Pupil Unit (WPU) value by 1% across the board or by moving items

below the line.

Rep. Powell, referring to “[Board Local Levy – Lower Cap Districts](#),” asked if there was a rational for the different levy caps. Mr. Leishman responded that the caps varied according to when they had been set. Rep. Powell noted that differing levies are unfair and need to be made uniform. Co-Chair Stephenson explained that caps were created to limit the power of the school districts.

Co-Chair Stephenson explained that different property tax rates create poor and rich districts, an issue which Sen. Osmond is currently working to fix. Rep. Powell added that although differing property tax rates have created poor and rich districts, the differing rates are random and not reflective of the district as a whole.

Mr. Leishman explained [Necessarily Existent Small Schools \(NESS\)](#) (line 82). These funds are allocated according to a regression formula. Because there isn’t a system in place to track the funds many do not reach their intended destination.

Rep. Briscoe asked if the number of Kindergarten WPUs on the [Base Budget Bill](#) (line 80) reflected a 1:1 ratio. Mr. Leishman replied that they did not.

Rep. Cutler asked why some of the funds for NESS had not been allocated. Mr. Leishman replied that without a system tracking the money it is hard to determine whether or not the funds were given to the schools.

Rep. Fawson asked for a breakdown on the [allocation of WPUs](#) in charter schools in relation to traditional schools. Mr. Leishman replied that in both schools kindergarteners are weighted at 0.55. In district schools students are weighted at 1, assuming their full time equivalent. In charter schools, grades 1-6 are rated at 0.9; grades 7-8 are rated at 0.99; and grades 9-12 are rated at 1.2. Rep. Fawson voiced interest in seeing the breakdown of the student population for both types of school.

Co-Chair Stephenson explained that because secondary schools are more expensive than primary schools, the WPU values for charter school students ensure that every student receives equal funding. Co-Chair Stephenson also noted that the current distribution of experienced teachers between Title 1 schools and wealthy schools are not equal. Local Education Agencies (LEA) mask the problem by averaging out teacher salaries on reports.

Mr. Leishman explained that NESS schools receive less money than they are entitled to due to the regression formula. Mr. Bruce Williams, Associate Superintendent/Business and Operations Administrator, Utah State Office of Education (USOE), agreed that NESS allocations are determined using a regression formula. Once the funds reach the LEA they are not tracked. In the future, the USOE will track these funds.

Co-Chair Stephenson stated that NESS funding is based on the WPU formula which makes it

equalized. Mr. Williams replied that the WPU allocation differs based on the regression formula. The WPU is offset with the taxes generated under the basic levy.

Mr. Leishman explained how NESS schools are funded. Co-Chair Stephenson asked if transportation funding for NESS schools was different from regular schools. Mr. Leishman answered that they are not.

Mr. Leishman stated that another way to meet the 2% reduction would be to cut administrative costs. He referred members to [Minimum School Program Administrative Costs](#).

Co-Chair Eliason asked if anyone had looked into merging small districts to cut administrative costs. Mr. Leishman answered no. Co-Chair Stephenson added that the existence of small districts is based on tradition, not rational.

Rep. Thurston asked about administrative costs. Mr. Leishman said costs are funded based on a threshold statute; small schools are more expensive to run. Co-Chair Stephenson asked if administrative costs could be addressed through the tax base. Mr. Leishman stated that they are a WPU program.

Rep. Poulson asked if the quality of education differed between small and large schools. Rep. Briscoe noted that regardless of resources all schools are subject to the same compliance requirements. Co-Chair Stephenson stated that service centers and funding exists to support rural districts. Mr. Leishman agreed, adding that this is part of the USOE budget. Rep. Cutler commented that cutting administration costs could benefit local districts.

Mr. Leishman explained lines 83-91 of the [Base Budget Bill](#).

Co-Chair Stephenson commented on the importance of Career and Technical Education (CTE) programs. He asked about the availability of CTE and Utah College of Applied Technology (UCAT) programs. Mr. Leishman replied that access to the programs is limited in rural areas without a UCAT campus. Mr. Williams added that an audit on the CTE programs is underway. Rep. Cutler remarked that remote learning can increase the availability of these courses. Ms. Jennifer Johnson, Second Vice Chair, Utah State Board of Education, welcomed the committee to join the USOE in an upcoming study on CTE funding.

Mr. Leishman explained [Class Size Reduction](#) (line 93). These funds are awarded based on enrollment and are allocated with the unrestricted revenue. Schools are not required to report what the funds are used for.

Co-Chair Stephenson commented that this fund isn't used to reduce class size. Rep. Poulson stated that the funds should be used to actually reduce class size. Rep. Edwards asked if there was a way to track what the funds are used for; she then explained a bill she had proposed to fix the problem. Mr. Williams explained that in order to reduce class size, the money allocated for it must increase each year. They continued to discuss Class Size Reduction funds.

Rep. Christensen stated that the growth cycle of the state contributes to class size. Rep. Last noted that strict restrictions on class size would be counterproductive. Co-Chair Stephenson, Rep. Briscoe, Rep. Cutler, and Rep. Poulson continued to discuss class size caps. Rep. Edwards stated that the fiscal note on her bill for class size caps was \$30 million.

Mr. Leishman referred members to the chart “[1. Total Minimum School Program.](#)”

#### **4. Budget Review: Minimum School Program—Related to Basic School Program**

Mr. Leishman referred members to the [Schedule of Programs](#) (line 98). These items are not funded through the WPU.

Mr. Leishman referred members to “[Minimum School Program: Formula Change Scenario.](#)” This chart shows the redistribution of funding for minimum school programs based on local taxing ability.

Co-Chair Stephenson asked how bus routes were monitored. Mr. Leishman replied that it is done using auditors in the USOE. Mr. Williams affirmed this statement. They continued to discuss pupil transportation.

Mr. Royce Van Tassell, Executive Director, Utah Association of Public Charter Schools, asked for the committee to consider funding transportation for charter schools. Co-Chair Stephenson answered that unless there is a specific reason, charter schools are attended by choice and no transportation would be provided.

Mr. Leishman explained the [Guarantee Transportation Program](#) (line 100).

Co-Chair Stephenson commented on the history of this fund. Rep. Lifferth asked how the fund was allocated. Mr. Leishman explained that it is allocated by appropriation with no adjustment for growth or change in the WPU.

Rep. Cutler asked if the program had originally been tied to the WPU. Mr. Leishman said that had been the original concept.

Mr. Leishman explained that some Related to Basic School Programs are adjusted each year for enrollment growth and changes in WPU value. Generally these adjustments are for at risk programs and pupil transportation.

Mr. Leishman explained [Flexible Allocation - WPU Distribution](#), [Enhancement for At-Risk Students](#), and [Youth in Custody](#) (YIC) (lines 101-103).

Rep. Lifferth asked if funding for juvenile detention centers will change after the prison relocation. Mr. Leishman answered that it would not, this funding is for under 18 only.

Co-Chair Stephenson asked if YIC funding is tied to the district where the facility is located. Mr. Leishman said that this is done through the school district. Co-Chair Stephenson asked about making changes in the YIC program. Mr. Leishman said he would look into it.

Mr. Leishman explained lines 104-107 of the [Base Budget](#).

Rep. Christensen asked how the School LAND Trust Program (line 107) is allocated. Mr. Leishman said it is determined by formula. Rep. Christensen noted that the LAND Trust Program is a significant source of education funds. Co-Chair Stephenson commented on the history of the program. Mr. Williams went into detail about the allocation of LAND Trust Funds. Rep. Christensen commented on the allocation of the funds.

Co-Chair Stephenson asked for final comments and questions.

Ms. Johnson commented on the potential problems caused by the 2% cap on money in the Minimum School Program. A discussion followed.

Mr. Leishman added that documents not covered in the meeting are located in the [Meeting Materials](#) section.

**MOTION:** Rep. Cutler moved to adjourn. The motion passed unanimously.

Co-Chair Stephenson adjourned the meeting at 10:56 a.m.

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Sen. Howard A. Stephenson, Co-Chair

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Rep. Steve Eliason, Co-Chair